Inland Transportation in China--A Surveyor's Perspective

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What is China REALLY like?

- What are the considerations for Underwriters who are underwriting cargo?
- There are several issues:
  - What is the infrastructure like?
  - If something goes wrong, what can we do?
  - How can losses be prevented?

INFRASTRUCTURE

- Rapidly developing country
- This has increased demand for all kinds of building materials.
- Many high profile projects in major cities are well built, a number are not.
- Railways are generally in good condition.
- Airports are receiving a great deal of investment.

AIRPORTS

- Many facilities are modern.
- Cargo handling a problem.
    - Lack of experienced forklift drivers, etc.
    - Special handling must be spelled out in advance.
    - Labeling in Chinese can prevent problems.

ROADS

- There is a national program of building trunk roads between major cities, particularly on the coast.
  - These roads are generally new, and in good condition.
- The further inland you get, the worse the roads are, sometimes little more than dirt tracks.
- Roads in mountainous areas often have no guardrails.
- Even new roads have poor or incomplete approaches, and sharp turns.
- Poor maintenance in terminal areas can mean that large pieces of cargo are vulnerable

TRUCKS

- Maintenance variable
- Often, inappropriate equipment is used
  - Standard bed trailers for long and heavy pieces
  - Inadequate or improvised lashing
- Drivers can be inexperienced, and often paid on piecework. This can lead to speeding, and deviation from prescribed routes.

ROAD JUNCTION PRIOR TO FLYOVER

RAILWAYS

- The trains and roadbeds are in generally satisfactory condition.
- Like roads, the trunk routes and those serving major seaports are good.
- Lots of investment, especially in the far west.
- We tend to see problems in handling at terminals.

SEAPORTS

- Major container ports are fairly new, some managed by major terminal operators.

- Bulk liquid ports have problems with gauging
  - Normally only gov't surveyors (CIQ) allowed to gauge the shore tanks.
  - CIQ typically produces a certificate of result, but no calculations are shown.
  - This makes it difficult to defend against paper shortages.

- Some terminals have been purpose built for specific projects.

- Equipment is adequate for large project cargoes, but certification of lifting gear is sometimes poor or nonexistent.
  - Smaller lifts are attempted with poorly maintained gear.

INLAND WATERWAYS AND COASTAL TRANSITS

- Large network, low cost transportation mode.
- River transport can get large cargoes to places where road and rail is not practical or available.
- Inland terminals can be variable in quality.
- Coastal transits are not always well thought out, or prepared for.
- Inadequate securing frequently a problem.
- Assets of inland carriers often negligible as is their insurance cover.
- Find good operators, and coordinate with forwarders in advance.

BLOCKING--
NOTE FIT OF WEDGES

SITUATIONS

- Improvisation is commonplace.
- "Mei You Wenti"
- A common approach is to look for a cheap solution using materials on hand.
- Methods of compensation.
  - Piecework
- Multiple subcontractors.
  - Not getting the equipment or service that is expected.

LOSS MANAGEMENT

- Language and culture can be significant issues.
- Understand who is who.
- Many times, truckers and barge operators are hired as sub-contractors and have minimal assets.
  - Multiple subcontractors used without your knowledge.
- Think about recovery in advance.

LOSS PREVENTION

- The devil is in the details.
- Develop a good relationship with your client.
- Review the transportation plan.
- Visit the site and travel the route.
- Look at the equipment, set standards.
- Look at the people, and ask for qualifications.
- Maintain a presence to ensure your requirements are met.
- Follow up.
- Labeling--Do it in Chinese if possible.

CONCLUSIONS

- The transport network is vast, but the quality varies
- Look things over in advance and follow up.
- Make sure policy exclusions are well explained in advance
- Identify recovery avenues in advance.

QUESTIONS?